

## **Advisory Board Meeting Minutes**

The Residential Ratepayers Advisory Board (“the Board”) held a meeting on July 12, 2004 in the Public Utilities Commission (“PUC”) room 234. The meeting started at 2:03 p.m.

Present for the Board were:

Ed Brueggemann, Chair  
Larry Kelly, Co-Chair  
Jeff MacGillivray  
Larry Ross  
Richard Stonner  
Claira Monier  
Rick Russman

Present for the Office of Consumer Advocate (“OCA”) were:

Anne Ross, Consumer Advocate  
Kenneth Traum, Assistant Consumer Advocate  
Susan Weiss Alexant, Staff Attorney  
Christina Martin, Legal Assistant

The meeting began with an introduction of the members and who they represent to our newest member Mr. Rick Russman.

The minutes from the June 7, 2004 Board Meeting were approved.

### **Agenda:**

#### **CashPoint**

Anne explained that the OCA had mailed the CashPoint Consumer Alert to the Executive Council, and the Senate as well as the members of the House Science and Technology Committee and the House Commerce Committee. We were unable to put it in the House member’s mailboxes due to some remodeling taking place in the House Chambers. Therefore, all of the House members did not receive them, as we simply could not afford the postage for the more than 400 members. Representative John Hunt replied and advised us to look at the ATM statute and offered to sponsor a bill in the fall requiring registration of pay agents in New Hampshire. He also asked that we try to make the PUC manage the consumer risk through rule making. Ed asked if Hunt’s bill would be contingent on rulemaking action by the PUC. Anne stated no. Christina will be the point person regarding this project. The OCA thanks the board for their good recommendation on communicating with the legislature about this problem.

### AT&T Press Release

Jeff states that the Agenda severely understated the AT&T press release. It is much more than not offering basic local telephone service in NH. It also eliminates new toll customers. New Hampshire's access fees are well above the national average which Jeff believes is driving AT&T's decision to cease marketing to NH customers. Someone should look into the access fees. Jeff also mentioned issues where the competition is failing with equipment leased from Verizon but when the customer switches back to Verizon the same equipment is now fine. Ed asked if the questions on the agenda are questions the OCA needs answers to. Anne responded that they are there to promote thought and that the OCA is looking for input regarding the press release. Ken also explained that Ztel also pulled out of New Hampshire. Jeff asked where and what did Ztel service. Ken responded Ztel provides local service. There was some discussion on Save USA which is a new carrier being advertised in New Hampshire presently. Jeff asked is it business or residential? Anne answered, both. Jeff suggested that in trying to police the wholesale market the PUC should take back its 271 decision allowing Verizon to enter the out of state toll business now that there is no local competition in New Hampshire.

### Consumer Newsletter

Susan explained that this newsletter is devoted to explaining the consumer's telephone bill and gave a brief overview of each section. In closing, Susan asked that everyone look it over and provide comments or suggestions. Jeff suggests that only a particular portion of the sample telephone bill be on the newsletter. Ed agrees. Ed suggested putting a statement encouraging the reader to review their phone bill. Larry asked if we have a logo, so people know it is from the Consumer Advocate rather than from a phone company. Anne said we will look into that. Jeff asked if Susan had done any market analysis. Susan responded she had some elderly women read it and provide comments. Jeff also suggested not mentioning ILEC and CLEC if possible.

### PSNH Transition Service Rate

PSNH is requesting an upward rate adjustment effective August 1<sup>st</sup>. This adjustment was encouraged by the PUC's directing PSNH to report on cost changes in transition energy service during the one year term. Since the energy prices have skyrocketed during the past five months PSNH is projecting a significant under collection if rates are not increased. The OCA is looking for advice on how to handle this. Anne summarized the docket on the white board to clarify. Jeff responded with the competition point of view, if you overcollect or undercollect and we do not correct during the one year term, we create a deferral which creates additional consumer cost in terms of carrying charges. If it is a case of pay now or pay later he suggested that PSNH should overcharge for six months to clear it up. Rick states he will support any decision that is good for competition. Ken reminds the board that the Commission sets the methodology for setting transition rates. Dick would like the rate to be honest and hopes to get competition back. Ken states the rate is honest in the sense that PSNH is trying to recover real rates. Jeff states that PSNH convinced the legislatures to keep the old plants and they need to pay for them. He suggested adopting a policy of curing the first six months undercollection as well as the projected second six months undercollection by

raising rates now for the last six months. Ken asked if the board supports the PSNH filings approach. Rick moved to go on record supporting the PSNH filing, Clairra seconded and the board approved.

Anne informed the board of a Union Leader article that quotes Senator Theodore Gatsas with regard to the PSNH filing. The article took a direct shot at the OCA allegedly not protecting consumer's interests with regard to the rates. Gatsas claims he "...was shocked at what she said", speaking of Anne. Anne asked the board if they felt the OCA should try to communicate with him regarding why we are not objecting to the PSNH filing. Larry R. said no. Clairra said yes. Rick suggested to talk to him but not to spend a lot of time. Ed said yes he might think twice next time and call before making a comment if there is open communications, but he also suggested bringing someone else along to meet with Senator Gatsas. Anne acknowledged that request and informed the board that she would bring Ken.

Larry Kelly arrived at 2:50.

Ed explained the addendum and how the Board reviews it to Rick.

The Board then reviewed the addendum.

**Addendum:**

DE 03-200 PSNH Rate Case

Closed Session – ongoing settlement talks, confidential.

Jeff moved, Clairra seconded and the board approved to have a Closed Session for purposes of discussing ongoing legal matters.

Closed Session Minutes

Ken explained that the parties in the PSNH Delivery Rate Case had reached a settlement on revenue requirements. The settlement involves two rate increases with no retroactive reconciliation to the February temporary rate date. The first rate increase shall occur on October 1, 2004, and shall increase delivery rates by 1.5%. The Second increase shall occur on July 1, 2005 and shall increase delivery rates by 5%. The increases are to allow PNSH to recover for non-revenue producing capital additions and for some transmission assets which are now to become part of the PSNH Distribution rate base as a result of a recent Federal Energy Regulatory Commission (FERC) order.

Jeff moved to restart the Open Session regular meeting.

Northeast Utilities Transmission Rate Filing/FERC

Ken explained that the OCA was not a main party in this case because we did not have the means for travel. The settlement is satisfactory because there is a lesser burden on the PSNH customers and a higher likelihood that NU's expected increase in transmission costs will be more quickly spread throughout NEPOOL as opposed to just the NU companies.

#### DE 03-166 PSNH Schiller

Ed asked if the wood burners have appealed the PUC decision. Anne replied yes. Rick asked if the wood burners think the market for low grade wood would not be there in the future as a result of the Schiller conversion. Ken explains that the wood burning facilities are concerned that the Schiller conversion may provide a good market for low grade wood and therefore weaken the wood facilities arguments to the legislature that subsidies should be created or continued.

#### DE 03-113 PSNH Bedford Quality of Service

Christina followed up with John Libby regarding some manufacturer's specifications that Jeff had asked for in our February meeting. Mr. Libby sent us some information stating the specifications. All of the board members received copies.

#### DT 02-165 Verizon Yellow Pages

Anne filled the board in on our victory with the Verizon Yellow Pages Order. The PUC ordered Verizon to impute \$23.3 Million a year in revenues from yellow page operations to regulated revenues beginning in 1999. The board felt we should do a press release or newsletter about it. Ed suggested we could use the last page on the newsletter for it. Jeff asked if there will be some adjustments in Verizons' rates. Anne explained that no immediate changes will occur in rates; however, this additional regulated revenue should ensure that rates do not rise and may create reductions in the future.

#### DT 01-221 Kearsarge Telephone Company

Anne explained the letter from Don Kreis (PUC Staff) to Kearsarge regarding the documentation needed to make a recommendation to the Commission for recovery of rate case expenses. It was a good strong letter indicating that without the backup billing record information Staff will not recommend a recovery of any rate case expenses by Kearsarge.

#### DT 03-237 Granite State Telephone Depreciation Study

Anne informed the board that the depreciation study was approved by the Commission.

#### DW 02-128 Hampstead

A settlement was filed in this docket. Anne explained that the bookkeeping and accounting for Hampstead has not complied with the regulations for many years. The settlement will make them come into compliance. Anne also stated that the water companies' tend to be small with limited funds and the PUC does not enforce its regulations as stringently as it does for the telecommunications carriers for example. The OCA feels it is a good settlement.

#### DW 04-020 Fryeburg Water Company

Susan explained the status on this docket. Susan explained that the OCA sent letters out to the customers asking them to monitor their water quality for one month. Jeff said that Federal law specifies that the water company has to test their water at specified times.

Susan replied that they are testing the water at the well source, but it is the distribution pipe that is corroded. Larry R. asked what type of information we are asking the customers for. Anne replied that the water quality information is based upon clearness and smell and is therefore somewhat subjective.

Northern Utilities Gas Conservation Program

Jeff asked what they are trying to make happen. Anne explained it is a carbon copy of the Northern conservation project in MA which has been ongoing for 16 years. They have been doing this program for one year in New Hampshire and are trying to figure what to project to pursue for next year's plan. Jeff would like more information regarding this. Ann suggested we send him the filing electronically. Jeff agreed that would be fine. Ed asked that we send it around to all the board members. Anne agreed to do so.

Larry Ross left the meeting at 3:30.

Next meeting is scheduled for August 9, 2004.

The meeting adjourned at 3:40.